

CEC Rule 21 Working Group panel discussion
“Combined Technologies” position of PG&E
December 10, 2004

Implementing net metering for customers using “combined Technologies” is a complex issue

- Many “combined technology” scenarios under many different tariff provisions
- Original legislation does not align with physical reality of most scenarios
- Working group has resolved several technical issues
- Process, metering and technical issues still to be resolved

Possible solutions exist but may not fully comply with existing net metering tariffs

Any potential solutions should have the following, at a minimum:

- Efficiency of tariff administration
- Compliance with tariffs and legislation
- Appropriate cost recovery to minimize ratepayer subsidies
- Ease of implementation
- Simple tariffs – easy for customers and vendors to evaluate financial impacts

PG&E’s recommendation:

Continued work at the CEC workshops as a high priority

Policy guidance needed:

- Appropriate allocation of incentives provided for each technology behind the meter
- Support CEC’s recommendation on two policy issues: Limit on DG export, and DG interconnection costs (page 37 of Report)

CEC Rule 21 Working Group Panel Discussion
PG&E's Position on Dispute Resolution
December 10, 2004

PG&E supports using the existing Rule 21, Section G – Dispute Resolution Process as the starting point from which to create a revised Rule 21 section on dispute resolution.

PG&E has interconnected over 6,000 distributed generation (DG) projects since 2001. Typically these interconnections proceed smoothly from application to interconnection. Even when an issue arises between PG&E and an interconnection applicant, the vast majority of these are resolved informally.

In the instances covered in the Report regarding Real Energy and Tecogen, the Dispute Resolution Process proved helpful in working out technical issues related to interconnecting these projects. This was particularly the case with respect to interconnecting DG with network systems – an issue that Section V of the Report notes is challenging for utilities across the country.

During the Rule 21 Working Group effort to put together this Report, RealEnergy proposed a number of changes to the existing language found in Rule 21, Section G. As outlined in the Report, PG&E supports several of the proposals for modification of Rule 21, Section G, including: designating a representative for each party with authority to resolve the dispute within ten days, providing a mechanism for parties to seek assistance from the Energy Division or a mediator after 45 days, and if the dispute remains unresolved, providing that either party may file a complaint with the CPUC.

PG&E opposes the proposed changes to reduce the utilities' ability to justify technical requirements on the grounds that they may be needed for safety and system reliability. PG&E also strongly believes the purpose of the dispute resolution process is to set forth procedures for settlement and that it is not appropriate to try to write substantive Rule 21 interpretation guidelines into these dispute resolution procedures.

Finally, like the other working group participants, PG&E opposes adoption of the newly developed Massachusetts dispute resolution process as an alternative to Rule 21. The Massachusetts model has only recently been created and has not been tested for effectiveness. PG&E agrees with the Report finding that the terms and conditions within that proposal would add to the burden, rather than make dispute resolution more efficient for all parties.

CEC Rule 21 Working Group Panel Discussion
PG&E's Position on Interconnection Fees
December 10, 2004

- ❖ Costs to interconnect distributed generation (DG) significantly outweigh the fees currently collected from generators.
- ❖ Although the \$800 and \$600 fees do not cover all costs required to interconnect, PG&E supports retaining the current fee structure for initial and supplemental review as long as the CPUC supports this ratepayer expense.
- ❖ PG&E has experienced significant costs when performing customer inspections for non-net metered DG customers. These customers are often not ready to interconnect on the date they have requested for inspection. It is not unusual for PG&E to be required to make multiple inspection trips to allow DG customers to interconnect safely and reliably to PG&E's grid.
- ❖ PG&E proposes that the fee structure for inspections be revised to ensure that DG customers pay for any inspection trips beyond the first trip if the customer either fails or is not ready for inspection on the first visit.
- ❖ PG&E believes that this proposal will give the DG customer an incentive to partner with PG&E to improve the efficiency of interconnection inspections and will help reduce cost shifting to ratepayers.

CEC Rule 21 Working Group panel discussion
Net-Generation-Output-Metering position of PG&E
December 10, 2004

PG&E does not require net generation output metering (NGOM) on all distributed generation (DG) installations. NGOM is not required for DG qualifying for the net metering tariffs, for example. (Note Appendix A of CEC Report)

PG&E currently requires NGOM for:

- Standby tariff exemption qualification under PUC section 353.15
- Discounted gas transportation tariff qualification
- Self-Generation Incentive Program, and
- For larger generators requiring telemetry.

For most DGs that do require NGOM, PG&E currently requires PG&E ownership.

While not required, PG&E views use of NGOM, as opposed to other methods for determining usage (such as estimating techniques) to be the most effective means (for the utility and customers) of managing regulatory and tariff requirements.

PG&E proposes to:

- Continue to require NGOM as stated above and
- PG&E supports continued work at the CEC Working Group